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ARIZONA CORPORATION COMMISSION

ORIGINAL

July 6, 2009

2009 JUL -6 P 10:54

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DOCKET CONTROL

**CERTIFIED MAIL**

Ms. Carol Judd  
Timber Knoll Homeowner's Association, Inc.  
DBA Timber Knoll Water Service  
Post Office Box 200  
Vernon, Arizona 85960-0200

RE: TIMBER KNOLL HOMEOWNER'S ASSOCIATION, INC., DBA TIMBER KNOLL  
WATER SERVICE'S APPLICATION FOR A RATE INCREASE, DOCKET NO.  
W-01902A-09-0293.

***LETTER OF DEFICIENCY***

Dear Ms. Judd:

In reference to your rate application received on June 4, 2009, this letter is to inform you that your application has not yet met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until July 21, 2009, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

Arizona Corporation Commission  
**DOCKETED**

JUL - 6 2009

DOCKETED BY	
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Ms. Carol Judd  
Letter of Deficiency  
July 06, 2009  
Page 2

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Abinah', with a stylized flourish at the end.

Elijah Abinah  
Assistant Director/Acting Chief Accountant  
Financial & Regulatory Analysis Section  
Utilities Division

EOA:CRM:kdh

CC: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

**TIMBER KNOLL HOMEOWNER'S ASSOCIATION  
DBA TIMBER KNOLL WATER SERVICE  
DOCKET NO. W-01902A-09-0293  
TEST YEAR ENDED DECEMBER 31, 2008**

**ATTACHMENT OF DEFICIENCIES (07/06/2009)**

- 1.1 Please provide a completed page 1 of the application.
- 1.2 Please furnish a notarized affidavit of customer notification. This should include the customer notification page and pages 9 and 11 attached. Please see the proper format on the Arizona Corporation Commission web site.
- 1.3 Please file a Curtailment Plan tariff. See the Arizona Corporation Commission web site for the correct format.
- 1.4 Please provide a completed Page 9, Current and Proposed Rates and Charges Schedule.
- 1.5 Please provide a completed Page 11, Current and Proposed Service Charges Schedule.
- 1.6 Page 13, Plant Additions and Retirements by Years Schedule. Please provide pages for each year starting 1994, through 2008 inclusive. Please list all additions and retirements for each year. This would start from your last rate case filing.
- 1.7 Page 14, Plant Summary Schedule. The listed amounts in Column A does not match the amounts approved for plant in service in the last rate case Decision. Please correct.
- 1.8 Page 14, Plant Summary Schedule. No amounts are shown in Column B of this schedule. Plant has been added since 1993. Please include in this column all plant additions from the revised pages 13.
- 1.9 Page 14, Plant Summary Schedule. No amounts are shown in Column C of this schedule. Plant may have been retired. Please show the plant retirements for all years from 1993 through 2008, inclusive.
- 1.10 Page 15, Utility Plant in Service Schedule. Column A Original Cost and Page 14 Column D Test Year End Total should be the same amounts. Please reconcile and correct.
- 1.11 Page 20, Calculation of Depreciation Expense, Column B, Depreciation Percentage, the percentages are missing. Also Column C, Depreciation Expense, the depreciation expenses are calculated incorrectly. Please correct.

- 1.12 Please provide copies of all plant invoices over \$150, from any plant additions in the years 1994 through 2008. No plant invoices were furnished with the application.
- 1.13 Please provide copy of the purchase power invoices for October 2008 which would have been paid in October 2008. Only eleven purchased power invoices were furnished with the application.
- 1.14 The water testing expense per the application is \$2,050. Invoices furnished with the application only totaled \$1,434.36. Please furnish the balance of the water testing invoices.
- 1.15 The outside services expense per the application is \$7,400. Invoices furnished with the application only totaled \$3,300. Please furnish the balance of the outside services invoices.
- 1.16 The bill count for the test year generates a different amount of revenue than shown on page 19 of the application. They should be the same. Please reconcile.
- 1.17 The bill count proposed revenue generates a different amount of proposed revenue than the proposed revenue shown on page 6 of the application. They should be the same. Please reconcile.

#### **DATA REQUESTS FROM ENGINEERING**

- 1.18 Include a detailed description of the water testing and services provided and/or the work performed that are included in the monthly charges listed on each Vernon Equipment & Supply invoice. What activities are included in the "operator service" fee of \$300? Does the "Bacteria" fee of \$35, include all of the activities related to the monthly coliform test (i.e., collection, lab work, and transportation)? Why was the Company charged an extra fee of \$140 for "Bacteria" (invoice dated 8/10/08)? Is the fee of \$540 labeled "lead copper" an annual fee, please explain?
- 1.19 The plant description included in the application (page 17) lists an automatic chlorinator and the water use data sheet in the Company's 2008 Annual Report indicates that chlorination treatment is continuous. Explain why this treatment is required. Does the Company test for residual disinfection or disinfection byproducts associated with its chlorination? If not, explain why these tests are not needed. If these tests are performed please provide the associated charges. Explain why these charges are not listed in the Vernon Equipment & Supply invoices.
- 1.20 What is the level of arsenic for each well on your system?
- 1.21 Using the water use data available the average peak day water usage per customer was 301 gallons. ADEQ requires a minimum of 24 hours storage capacity based

on this usage. To meet the minimum requirement 3,500 gallons of additional storage capacity is needed. Staff recommends that 24 hours of storage be provided to cover an extended outage of the well, this is especially important in rural areas where repair times are typically longer in duration. What is the Company's plan with regards to adding additional storage capacity?

- 1.22 Provide the Company's water testing schedule as required per ADEQ regulations.
- 1.23 Provide a simple schematic (hand drawn is sufficient) of your water system (PWS #01-015). This system schematic should show how the plant components are interconnected and should include, at minimum, the major plant items listed in the Company's plant summary (such as, all wells, storage tanks, booster systems, treatment, etc. by location (or plant site). Be sure and label the name and location of each plant site.
- 1.24 Provide several dates during the next 30 day period when a Company representative (preferably the certified operator) will be available to accompany Staff on its field inspection of the water system (a one-day inspection is anticipated).
- 1.25 Please describe any water system deficiencies identified by ADEQ.
- 1.26 Provide a copy of the latest ADEQ water system inspection report.